
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Index Shows Mortgage Interest Rates Rose Sharply in July

Washington, DC – National data show interest rates on mortgages continued their upward trend. Contract mortgage interest rates increased 0.45 percent from June to July, according to an index of new mortgage contracts.

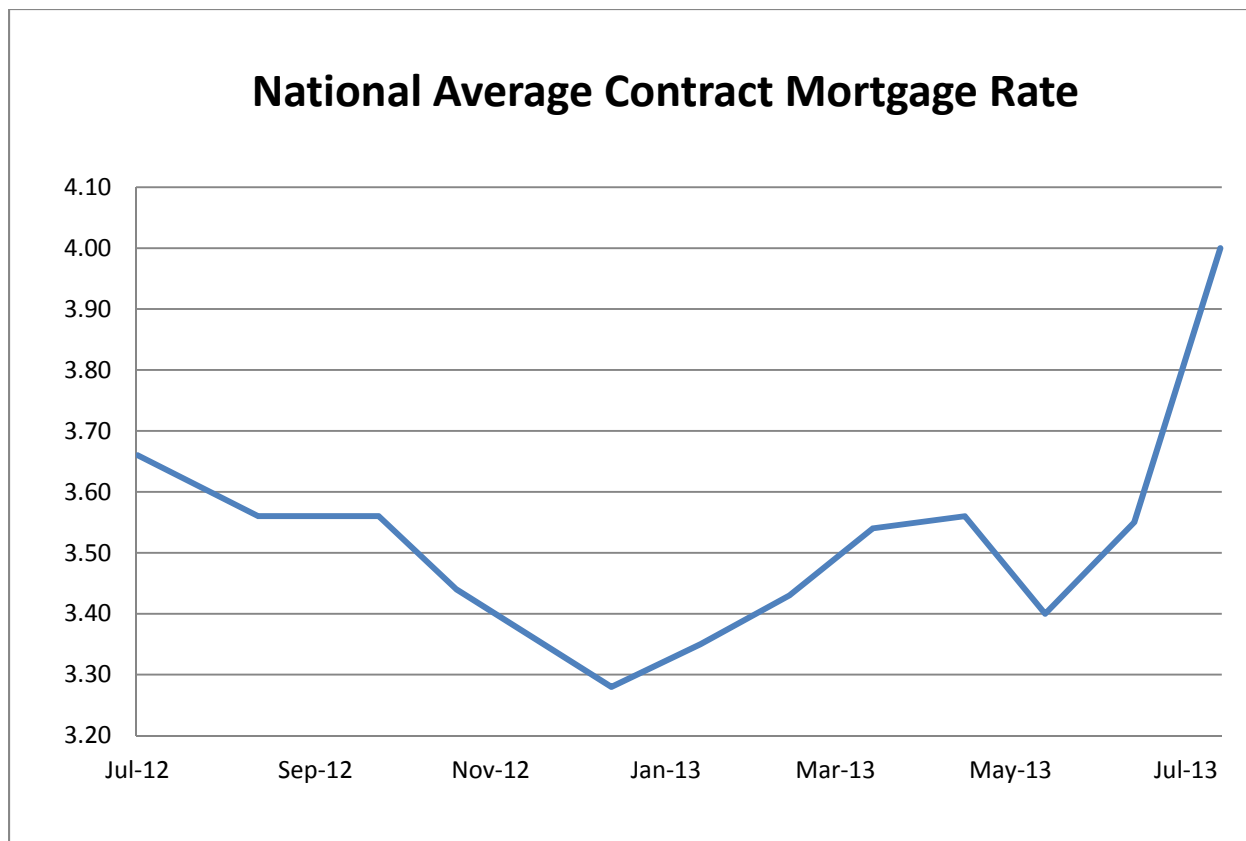
According to the Federal Housing Finance Agency (FHFA), the National Average Contract Mortgage Rate for the Purchase of Previously Occupied Homes by Combined Lenders index was 4.01 percent for loans closed in late June. The index is calculated using FHFA's Monthly Interest Rate Survey. The contract rate on the composite of all mortgage loans was 4.00 percent, up 45 basis points from 3.55 in June.

Interest rates are typically locked in 30-45 days before a loan is closed. Consequently, July data reflect market rates from mid-to-late June. The effective interest rate was 4.12 percent, up 45 basis points from 3.67 percent in June. The effective interest rate accounts for the addition of initial fees and charges over the life of the mortgage.

FHFA's interest rate survey shows the average interest rate on conventional, 30-year, fixed-rate mortgages of \$417,000 or less was 4.27 in July, an increase of 51 basis points. The average loan amount for all loans was \$278,200 in July down \$4,200 from \$282,400 in June.

FHFA will release August index values September 26, 2013.

For more information, call David Roderer at (202) 649-3206. You can hear recorded index information by calling (202) 649-3993. You can find the complete contract rate series at www.fhfa.gov/Default.aspx?Page=251.



Source: FHFA

Technical note: The data are based on a small monthly survey of mortgage lenders, which may not be representative. The sample is not a statistical sample but is rather a convenience sample. Survey respondents were asked to report terms and conditions of all conventional, single-family, fully amortized purchase-money loans closed during the last five working days of the month. The data did not include mortgages guaranteed or insured by the Federal Housing Administration or the U.S. Department of Veterans Affairs. Data also excluded refinancing loans and balloon loans. July 2013 data are based on 7,444 reported loans from 30 lenders, which include savings associations, mortgage companies, commercial banks, and mutual savings banks. The effective interest rate includes the amortization of initial fees and charges over a 10-year period (the historical assumption of the average life of a mortgage loan).

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.5 trillion in funding for the U.S. mortgage markets and financial institutions.